
Education Committee

ESSB 5828

Brief Description: Authorizing certain school districts and educational service districts to designate a district treasurer.

Sponsors: Senate Committee on Early Learning & K-12 Education (originally sponsored by Senators Jarrett, McAuliffe, Tom and Hobbs).

Brief Summary of Engrossed Substitute Bill

- Authorizes boards of certain Educational Service Districts (ESDs) and school districts with 10,000 or more students to designate a District Treasurer with the same powers and under the same restrictions as the County Treasurer acting as ex officio treasurer for the district.
- Applies to school districts located in a county where the Treasurer is not elected by the voters and to ESDs that provide services to such school districts.
- Allows a District Treasurer to be an employee of a school district or an ESD, or another person with experience in financial matters.
- Authorizes an ESD or school district acting as a District Treasurer to adopt a policy to pay financial obligations by warrant or check and to indemnify employees when they are lawfully carrying out the duties of treasurer.
- Allows a District Treasurer to delegate management of investments of the district, subject to an investment policy approved by the board of directors.

Hearing Date: 3/18/09

Staff: Barbara McLain (786-7383)

Background:

With limited exceptions, the County Treasurer serves as the ex officio treasurer for all special purpose districts in the county, including school districts and Educational Service Districts (ESDs). The duties of a treasurer include receiving and depositing all funds, issuing and paying

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warrants and checks, making investments, keeping records of all withdrawals and deposits, and issuing statements. Essentially, the County Treasurer is the bank for the districts. County Treasurers are authorized to make investment decisions for funds under their management within options specified by law. The level of services available from the County Treasurer and the charges for those services vary by county.

County Treasurers operate in different ways and have different amounts of funds to manage. Under current law, funds that are not immediately required by a district for expenditure or investment are invested by the County Treasurer and the earnings deposited in the General Fund of the county. Some counties operate investment pools for multiple special purpose districts and are authorized to charge for the actual expense of administering the pool. Another statute provides for a transaction fee to be paid to the County Treasurer based on investment earnings.

Some special purpose districts, including public utility districts and large port districts, are authorized to designate some other person with experience in financial matters to serve as treasurer for the district. The treasurer must be bonded to protect the district against loss. These districts are expressly authorized to adopt a policy to pay financial obligations by warrant or check as long as the fund is solvent at the time the check is issued.

Under the State Constitution, counties may adopt "home rule" charters and thus exercise broad authority in local governance matters. For example, in one home rule charter county, the County Treasurer is not an elected official. There are 30 school districts with enrollment of 10,000 or more full-time equivalent students. Of these, 10 school districts are located in a county where the County Treasurer is not an elected official. There are nine ESDs that provide services to the school districts in their region.

Summary of Bill:

The board of directors of any school district with enrollment of 10,000 or more full-time equivalent students and located in a county where the County Treasurer is not an elected official is authorized to designate a District Treasurer. The District Treasurer acts with the same powers under current law as the County Treasurer acting as ex officio treasurer for the district.

A District Treasurer can be:

- an employee of the school district;
- an employee of another school district or an Educational Service District (ESD) that serves through interlocal agreement as the District Treasurer on behalf of the school district; or
- another person having experience in financial and fiscal matters.

A District Treasurer must be bonded in an amount and under terms that the board of directors finds will protect the district against loss, but for not less than \$25,000. The school board of a district that designates its own District Treasurer is authorized to adopt a policy to pay financial obligations by warrant or check as long as the fund is solvent at the time the check is issued. A District Treasurer can delegate to a private sector or other external advisor the authority to manage investments on behalf of the district, as long as this is consistent with applicable laws and an investment policy approved by the district board of directors.

The board of directors of an ESD that provides services to school districts located in a county where the County Treasurer is not an elected official is authorized to designate an employee as the ESD District Treasurer; designate some other person with experience in financial matters to serve as the ESD District Treasurer; or by interlocal agreement, act as a District Treasurer on behalf of an eligible school district. An ESD District Treasurer must be bonded in an amount and under terms that the ESD board finds will protect the ESD or school district against loss, but for not less than \$25,000. An ESD designating its own District Treasurer or acting on behalf of a school district is authorized to adopt a policy to pay financial obligations by warrant or check as long as the fund is solvent at the time the check is issued. An ESD District Treasurer can delegate to a private sector or other external advisor the authority to manage investments on behalf of the district, as long as this is consistent with applicable laws and an investment policy approved by the district or ESD board of directors.

District Treasurers are held harmless for loss of investments or default on the part of a public depository when the investments are lawfully made. School boards and ESD boards of directors are authorized to adopt a policy to indemnify their employees or the employees of another public agency serving as an external investment advisor who are lawfully performing the duties of a District Treasurer.

Changes are made throughout the statutes pertaining to school districts and ESDs to include reference to District Treasurers.

Appropriation: None.

Fiscal Note: Requested for substitute bill on March 3, 2009.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.